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**LAFAYETTE ASSOCIATION FOR
RETARDED CITIZENS, INC.
Lafayette, Louisiana**

**AUDIT REPORT
June 30, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-01

**V. L. AULD & ASSOCIATES
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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of the Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2000, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of the gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of the Lafayette Association for Retarded Citizens, Inc., as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2000, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

V. L. AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "V. L. Auld & Associates", written in dark ink.

Certified Public Accountants

Lafayette, Louisiana
October 12, 2000

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 2000

ASSETS

CURRENT ASSETS

Cash	\$1,121,332
Accounts Receivable	302,643
Contributions Receivable	8,750
Inventory	26,227
Deposits	10,937
Due from Foundation for Retarded Citizens	<u>14,301</u>

Total Current Assets		\$1,484,190
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OTHER ASSETS

Certificate of Deposit		500,000
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COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$3,321,456
Work in Progress	49,204
Furniture and Fixtures	83,277
Machinery and Equipment	352,459
Transportation Equipment	329,873
Land	<u>122,099</u>
Totals	\$4,258,368
Less: Accumulated Depreciation	<u>2,492,942</u>

Total Plant Assets		<u>1,765,426</u>
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TOTAL ASSETS		<u>\$3,749,616</u>
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See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 2000

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 96,071	
Accrued Payroll and Payroll Taxes	80,072	
Deferred Revenue	28,001	
Current Portion of Long-Term Debt	<u>7,209</u>	

Total Current Liabilities \$ 211,353

LONG-TERM DEBT

Note Payable, Ford Motor Credit (Net of Current Portion) 1,847

NET ASSETS

Unrestricted		
Operating	\$1,820,194	
Plant Assets	<u>1,716,222</u>	

Total Net Assets 3,536,416

TOTAL LIABILITIES AND NET ASSETS \$3,749,616

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2000

	<u>Unrestricted Net Assets</u>	
PUBLIC SUPPORT AND REVENUE		
Public Support		
Program Revenues	\$3,584,502	
Contributions	67,537	
Special Events	<u>219,320</u>	
Total Public Support		\$ 3,871,359
Revenue		
Other Revenue	\$ 218,252	
Interest Income	78,464	
Membership Dues	1,558	
Loss on Retired Assets	<u>(1,746)</u>	
Total Revenue		<u>296,528</u>
TOTAL PUBLIC SUPPORT AND REVENUE		<u>\$ 4,167,887</u>
FUNCTIONAL EXPENSES		
Program Services		
Client Development	\$ 958,503	
Housing	1,258,149	
Respite	378,578	
Early Intervention	286,495	
Supported Work Systems	60,380	
Acadian Village	<u>376,960</u>	
Total Program Services		\$ 3,319,065
Supporting Services		
Management and General	\$ 369,176	
Special Events	<u>117,383</u>	
Total Supporting Services		<u>486,559</u>
TOTAL FUNCTIONAL EXPENSES		\$ 3,805,624
OTHER EXPENSES		
Contributions to Other Nonprofit Organizations		<u>1,510,000</u>
TOTAL EXPENSES		<u>\$ 5,315,624</u>
DECREASE IN NET ASSETS		\$(1,147,737)
NET ASSETS, BEGINNING OF YEAR		<u>4,684,153</u>
NET ASSETS, END OF YEAR		<u>\$ 3,536,416</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2000

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events	
Salaries	\$ 503,150	\$ 692,026	\$ 290,113	\$ 51,439	\$ 46,058	\$ 161,502	\$ 186,056	\$	\$ 1,930,354
Payroll Taxes	37,320	52,439	21,588	3,859	3,425	12,139	13,795		144,565
Employee Benefits	46,414	48,711	6,825	6,048	3,551	8,428	12,337		133,314
TOTAL SALARIES & RELATED EXPENSES	\$ 586,884	\$ 794,176	\$ 318,526	\$ 61,346	\$ 53,044	\$ 182,069	\$ 212,188	\$ 0	\$ 2,208,233
Cost of Goods Sold						60,502			60,502
Work Activity Expense	182,803								182,803
Insurance	37,289	31,364	9,449	1,374	2,458	19,272	9,808		111,014
Professional Services		88,415	12	188,635			26,609		303,671
Utilities & Garbage	22,720	29,619	6,088	1,777	1,658	14,843	3,801		80,506
Food	6,890	55,924	11,765						74,579
Supplies	14,520	41,249	8,638	4,570		13,366	6,929		89,272
Repairs & Maintenance	13,826	13,862	7,125	1,897	15	21,267	26,113		84,105
Vehicle Repairs & Maintenance	15,982	4,186	448				734		21,350
Fuel	17,661	6,646	1,004			292	1,037		26,640
Telephone	3,872	9,289	2,785	4,482	1,169	5,549	6,897		34,043
Travel	2,357	8,360	326	13,441	1,236	2,925	10,747		39,392
Conferences	880	329		2,378		266	5,273		9,126
Taxes & Licenses	178	128,220	1,006	247					129,651

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2000

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events	
Postage	131	176	118	530	7	342	2,076		3,380
Promotion & Advertising						9,957			9,957
Dues & Subscriptions	30	770			21	1,960	10,372		13,153
Performers & Artisans						23,725			23,725
Interest Expense	512								512
Equipment Lease	452	2,428	513	2,050			8,150		13,703
Donations							100		100
Special Events								104,428	104,428
Miscellaneous Expense	24	288	176			1,365	11,614		13,467
TOTAL FUNCTIONAL EXPENSES	\$ 907,021	\$ 1,215,301	\$ 368,079	\$ 282,727	\$ 59,608	\$ 357,700	\$ 342,448	\$ 104,428	\$ 3,637,312
BEFORE DEPRECIATION									
Depreciation	51,452	42,848	10,499	3,768	772	18,260	26,728	12,955	158,312
TOTAL FUNCTIONAL EXPENSES	\$ 958,503	\$ 1,258,149	\$ 378,578	\$ 286,495	\$ 60,380	\$ 376,960	\$ 369,176	\$ 117,383	\$ 3,805,624

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$(1,147,737)
Adjustments to Reconcile Decrease in Net Assets to	
Net Cash Used by Operating Activities	
Depreciation	168,312
Non-Cash Contributions	(1,200)
Loss on Retired Assets	1,746
(Increase) Decrease in Operating Assets	
Accounts Receivable	8,389
Inventory	(3,939)
Prepaid Expenses	16,984
Deposits	(1,924)
Due from Foundation for Retarded Citizens	(14,301)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(12,575)
Accrued Payroll and Payroll Taxes	19,442
Deferred Revenue	12,865
Rental Deposits	<u>(2,550)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (956,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Certificate of Deposit	\$ 1,500,000
Purchase of Certificates of Deposit	(500,000)
Payments for Property and Equipment	(131,320)
Payments for Work in Progress	<u>(49,204)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 819,476</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Long-Term Debt	<u>\$ (6,927)</u>
NET DECREASE IN CASH	\$ (143,939)
CASH AT BEGINNING OF YEAR	<u>1,265,271</u>
CASH AT ENDING OF YEAR	<u><u>\$ 1,121,332</u></u>
 SUPPLEMENTAL DISCLOSURES	
Interest Paid	<u>\$ 512</u>
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u><u>\$ 1,200</u></u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southern Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission and gift shop sales. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$330,723 of total plant assets (net of \$1,148,258 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for assets valued at appraisal value is \$12,686 and for assets valued at historical cost is \$155,626. The Association has \$284,930 of buildings with historical value exempt from depreciation in accordance with SFAS No. 93.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefitted.

CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

ADVERTISING COSTS

Advertising costs of \$9,957 were expensed as incurred.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution is expected to be collected by December, 2000. Therefore, no allowance for uncollectible pledges has been recorded.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains significant amounts of cash in several accounts with Bank One. At times, the balances in these accounts may exceed federally insured limits. The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on cash.

Credit risk with respect to receivables is limited because the Association deals primarily with governmental agencies.

NOTE 4 - COLLECTIONS

The Association is the recipient of 17 original oil paintings by the internationally known artist George Rodrigue. No ownership restrictions are imposed on the Association. The Association presents the collection of paintings for public viewing in a separate and secure art gallery. Also included in the collection is a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Daiford at a cost of \$19,000. The Association elects not to capitalize its collections.

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to decrease depreciation expense and thereby increase net assets by \$14,646 for the current year.

NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The current collective bargaining agreement expires October 31, 2002. In the Association's opinion the collective bargaining agreement will have no material adverse effect on operations.

NOTE 7 - LITIGATION

The Association is involved in one lawsuit. Legal counsel advises the likelihood of an unfavorable outcome is relatively low. This matter is covered by insurance and is unlikely to have a material effect on the financial position of the Association.

NOTE 8 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary controller of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

NOTE 9 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Association adopted a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. No discretionary contribution was made for the year ended June 30, 2000.

NOTE 11 - LEASES

The Association leases five copiers and a mailing system under operating leases expiring between September, 2002, and December, 2005. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2000, is \$13,703.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2000, for each of the next five years and in the aggregate are:

Year Ending June 30, 2001	17,945
Year Ending June 30, 2002	15,926
Year Ending June 30, 2003	13,941
Year Ending June 30, 2004	7,632
Year Ending June 30, 2005	2,158
Total minimum future rental payments	<u>\$57,602</u>

NOTE 12 - NOTES PAYABLE

As of June 30, 2000, notes payable consist of the following:

Note payable to Ford Motor Credit, payable in monthly installments of \$619.93 including interest at 3.9%, secured by a 1998 Ford E-350 van, maturing in September, 2001.	<u>\$9,056</u>
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Principal payments due for each of the next five years as of June 30, 2000 are:

Year Ending June 30, 2001	\$7,209
Year Ending June 30, 2002	1,847
Year Ending June 30, 2003	-0-
Year Ending June 30, 2004	-0-
Year Ending June 30, 2005	<u>-0-</u>
	<u>\$9,056</u>

NOTE 13 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2000, the Association traded two of its vehicles and purchased two used vehicles from a corporation primarily owned by a member of the LARC Board of Directors. The new vehicles cost \$34,308 after a \$9,000 trade-in allowance for the two old vehicles. The Association engaged the same corporation to perform general maintenance and minor repairs on several of its vehicles. Amounts paid for these services for the year ended June 30, 2000, totaled \$8,459.

The Association contributed \$1,500,000 to the Foundation for Retarded Citizens, Inc. The Association also paid \$14,301 of Foundation expenses which will be reimbursed to LARC. The Foundation was established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

The Association also contributed \$10,000 to the Louisiana Association for Retarded Citizens, Inc., towards the purchase of an office building for the State ARC headquarters.

NOTE 14 - COMMITMENTS

The Association has begun two construction projects, a group home to house clients in the residential program and a replica of the Ferdinand Stutes Store which will house various exhibits and be used as a meeting and banquet facility. Estimated cost of the two projects, excluding donated labor and materials, is \$338,872 and \$120,000 respectively. Costs incurred to date, \$41,553 on the Stutes Store and \$7,651 on the group home, are included in Work in Progress. Group home costs include \$4,551 of contributed mechanical design services which are also part of Deferred Revenue. Deferred Revenue also includes \$20,700 of donations for the Stutes Store. Funding to complete these projects will be provided by donations, proceeds from the sale of an existing group home, and the Association's cash resources. Both projects are expected to be completed and paid for during the fiscal year ending June 30, 2001.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2000

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events	
SUPPORT & REVENUE									
Program Revenue	\$ 946,608	\$ 1,526,801	\$ 470,065	\$ 298,867	\$ 19,292	\$ 322,869			\$ 3,584,502
Other	34,323	170,916	17,991	(29)		47,488	\$ 93,376	\$ 219,320	\$ 583,385
TOTAL SUPPORT & REVENUE	\$ 980,931	\$ 1,697,717	\$ 488,056	\$ 298,838	\$ 19,292	\$ 370,357	\$ 93,376	\$ 219,320	\$ 4,167,887
EXPENSES									
Salaries	\$ 503,150	\$ 692,026	\$ 290,113	\$ 51,439	\$ 46,068	\$ 161,502	\$ 186,056		\$ 1,930,354
Payroll Taxes	37,320	52,439	21,588	3,859	3,425	12,139	13,795		144,565
Employee Benefits	46,414	48,711	6,825	6,048	3,551	8,428	12,337		133,314
Cost of Goods Sold						60,502			60,502
Work Activity Expense	182,803								182,803
Insurance	37,289	31,364	9,449	1,374	2,458	19,272	9,808		111,014
Professional Services		88,415	12	188,635			26,609		303,671
Utilities & Garbage	22,720	29,619	6,088	1,777	1,658	14,843	3,801		80,506
Food	6,890	55,924	11,765						74,579
Supplies	14,520	41,249	8,638	4,570		13,366	6,929		89,272
Repairs & Maintenance	13,826	13,862	7,125	1,897	15	21,267	26,113		84,105
Vehicle Repairs & Maintenance	15,982	4,186	448				734		21,350
Fuel	17,661	6,646	1,004			292	1,037		26,640
Telephone	3,872	9,289	2,785	4,482	1,169	5,549	6,897		34,043

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2000

	PROGRAM SERVICES							SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village		Mgmt. & General	Special Events	
Travel	2,357	8,360	326	13,441	1,236	2,928		10,747		39,392
Conferences	880	329		2,378		266		5,273		9,126
Taxes & Licenses	178	128,220	1,006	247						129,651
Postage	131	176	118	530	7	342		2,076		3,380
Promotion & Advertising						9,957				9,957
Dues & Subscriptions	30	770			21	1,960		10,372		13,153
Performers & Artisans						23,725				23,725
Interest Expense	512									512
Equipment Lease	462	2,428	613	2,050				8,150		13,703
Donations								1,510,100		1,510,100
Special Events									104,428	104,428
Miscellaneous Expense	24	288	176			1,365		11,614		13,467
Depreciation	51,482	42,848	10,499	3,768	772	19,260		26,728	12,955	168,312
TOTAL EXPENSES	\$ 958,503	\$ 1,258,149	\$ 378,578	\$ 286,495	\$ 60,380	\$ 376,960		\$ 1,879,176	\$ 117,383	\$ 5,315,624
INCREASE (DECREASE) IN NET ASSETS	\$ 22,428	\$ 439,568	\$ 109,478	\$ 12,343	\$ (41,088)	\$ (6,603)		\$ (1,785,800)	\$ 101,937	\$ (1,147,737)

See accountants' report and accompanying notes to financial statements.

V. L. AULD & ASSOCIATES

Certified Public Accountants
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Lafayette, Louisiana 70506

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2000, and have issued our report thereon, dated October 12, 2000. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

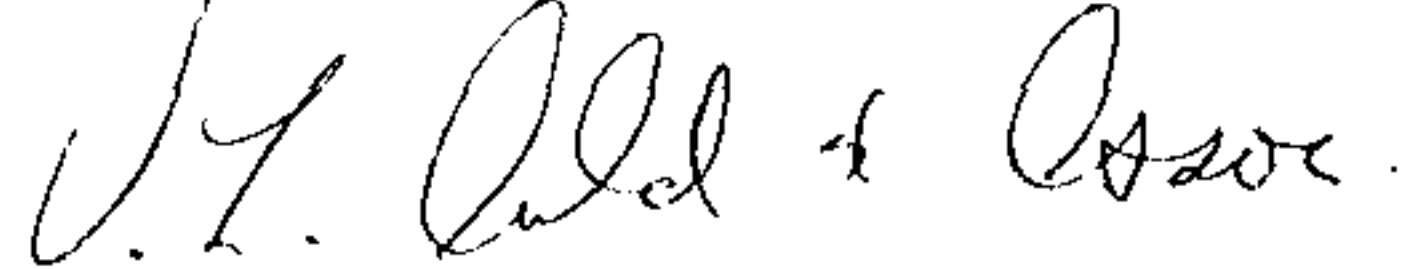
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be

material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Association in a separate letter dated October 12, 2000.

This report is intended solely for the information and use of the Board of Directors and Management of the Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

V. L. AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "V. L. Auld & Assoc.", is written over the printed name of the firm.

Certified Public Accountants

Lafayette, Louisiana
October 12, 2000

V. L. AULD & ASSOCIATES

**Certified Public Accountants
112 Fountain Bend Drive
Lafayette, Louisiana 70506**

**E-Mail auldcpa@compuserve.com
Telephone (337) 984-9717 Fax (337) 984-5544
Toll Free (877) 814-3246**

MANAGEMENT LETTER

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

In planning and performing our audit of the financial statements of the Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) for the year ended June 30, 2000, we considered the Association's internal control to determine our auditing procedures for expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Association's internal control in our report dated October 12, 2000.) This letter does not affect our report dated October 12, 2000, on the financial statements of the Association.

We will review the status of these comments during our next audit engagement. We have discussed these comments with Management and we can discuss them in further detail at your convenience. Two areas, Respite billings and organization of the accounts payable records, have been noted during previous exit conferences as items of concern.

Reconciliation of Bank Accounts

We found checks in need of voiding totaling more than \$11,000. This understated cash. The appropriate personnel should review uncleared checks as to length of time outstanding and make necessary adjustments as needed.

Billings

Work Activity. Audit confirmations discovered one customer had not received an invoice, and another customer had not received invoices in a timely manner. This was because the person in charge submitted records to the accounting department but failed to mail the invoices to the customers.

Respite. Significant errors were found in the billings. These errors resulted in both over and under billing.

The personnel originating these billings should be advised of the problems and monitored. These types of errors could cause material misstatements resulting, in the case of an over billing, in a potential liability to return funds.

Payroll

Twice the same employee submitted two time sheets for the same pay period. The time sheets were not submitted in the same pay period. Therefore, the payroll clerk did not notice the duplication. The employee was paid twice, about \$600. The employee's supervisor approved the time sheet in both cases. The supervisor approving the time sheets should be advised of the problems and monitored. In addition, management should establish a system to prevent a duplication of time sheets where the primary responsibility resides with the employee's supervisor.

Bid Policies

A subsequent event involving the purchase of a tractor was not within the Association's bid policy on purchases. This policy is self-imposed, however, in the next fiscal year new rules would make this purchase a violation under state contracts. The circumstances indicate the appropriate action was taken. Nevertheless, when a variance from the policies of the Association occurs, management should seek the advice and consent of the Board.

Accounts Payable Records

The filing of paid invoices lacks organization. Vendors' invoices were frequently placed in the wrong files, e. g., Paul Toce in BellSouth, the Daily Advertiser in Cox Communications. Properly filed invoices are not only necessary for audit reasons but also to make the records useful to management. A supervisor should periodically monitor the files.

V. L. AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
October 12, 2000

V. L. AULD & ASSOCIATES

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Lafayette, Louisiana 70506

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SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

Description:

1. Buildings are recorded at appraisal values (1979)

Certain buildings were restated to appraisal values on May 1, 1979. Generally accepted accounting principles require assets to be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift.

Discussion:

For several years, this situation has caused a qualification in the audit report. The appraisal used on the building can be resolved through the sale of the buildings; this is an unlikely event.

Management's Corrective Action Plan:

It is unreasonable for Management to sell the appraised buildings as they are an essential part of the Association's operations. At this time, Management is unjustified to take corrective action.



Lafayette Association for
Retarded Citizens, Inc.

ALLEMAN CENTER

Serving the Developmentally Disabled in Acadiana since 1952

303 NEW HOPE ROAD
LAFAYETTE, LA 70506
(337) 984-6110 • FAX (337) 984-1102



PEOPLE HELPING PEOPLE
United Way

December 6, 2000

Mr. Daniel G. Kyle, CPA, CFE
Secretary
Legislative Audit Advisory Council
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

The following is our response to the matters contained in the audit report of June 30, 2000, dated October 12, 2000.

1. Buildings are recorded at appraised value (page 1):

To our knowledge, all audits since 1979 have included an audit qualification because of appraisal values. Unfortunately, the management in 1979 was unaware of the consequences of using appraisal values. Also, records do not exist showing an audit was performed in 1979; therefore, the problem lay dormant until our books were audited. In addition, the original records showing the historical cost were lost or misplaced; although we believe several assets were donated, thus the original values would be the fair market value at the time of donation. Our auditors informed us this qualification should continue until the appraised assets are disposed.

2. Reconciliation of bank statement – management letter (page 1)

A system to review uncleared checks and monitor dates checks were issued has been put in place. This should screen out checks that need to be voided and correct our cash balance on a monthly basis. This audit year a check was issued to Met Life in the amount of \$9,800.00 as a deposit for insurance, but was not voided on a timely basis. Insurance was purchased with another company and the check for Met Life was returned.

3. Billings – management letter (page 1)

Work Activity – A computer program has been set up to monitor invoices submitted, to insure customers are receiving invoices in a timely manner.

Respite Center – The Housing Department has assigned an experienced secretary to monitor and review all billings before invoices are submitted to the State. The personnel originating these billings have been advised of the problems and have been instructed to coordinate the review process with the secretary assigned that duty.

4. Payroll – management letter (page 2)

Many employees working in the Respite program are assigned to various locations away from the home base operation. These employees were submitting their time sheets at the end of each pay period via mail. In some cases, employees were erroneously completing the time sheets without the benefit of management supervision. We have changed the time sheet reporting system by simply mailing the employees pre-dated time sheets for each pay period and have the employee fill in their time on the days they worked. Upon receipt of the completed time sheets, we then compare the reported time with the job assignments. This not only prevents duplication of time sheets, but also serves as verification of “billing time” for state contracts.

5. Bid policies – management letter (page 2)

A tractor was purchased for utilization at the Alleman Center and Acadian Village. This tractor was purchased under State contract prices and in accordance with LSA-R.S. 39:1710 and as such did not violate state statutes, (see exhibit A). In addition, the Board of Directors amended the purchasing policy to conform with new guidelines in purchases of over \$1,000.00 (see exhibit B).

6. Accounts Payable – management letter (page 2)

The volume of filing has grown such that we have hired an extra clerical helper and assigned her filing responsibilities. In addition, the Finance Manager will periodically monitor the filing to insure proper filing is maintained.

Should you have any additional questions regarding the above responses, please do not hesitate to contact me at the above number.

Very truly yours,


Gerald Domingue
Executive Director

Jll
Enc. (2)

Found Document - LA R.S. s 39:1710 -

Mr. Domingue
337-984-1102

Page 1 of 1

LSA-R.S. 39:1710

TEXT
WEST'S LOUISIANA STATUTES ANNOTATED
LOUISIANA REVISED STATUTES
TITLE 39. PUBLIC FINANCE
SUBTITLE III. GENERAL LAWS ON STATE DEBT
CHAPTER 17. LOUISIANA PROCUREMENT CODE
PART VII. INTERGOVERNMENTAL RELATIONS
SUBPART B. COOPERATIVE PURCHASING

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Current through all 1999 Regular Session Acts

§ 1710. Local governing authorities; purchases from local vendors; payment of certain costs

When a local governing authority purchases an item at the state bid price through a local vendor, the local governing authority may pay to the local vendor the costs for shipping, preparation, and delivery of the item, provided that these costs shall not exceed the state bid price by seven percent on purchases up to ten thousand dollars, five percent on purchases over ten

thousand dollars and up to twenty thousand dollars, and three percent on purchases over twenty thousand dollars.

TEXT
CREDIT
CREDIT(S)

2000 Electronic Update

Added by Acts 1993, No. 779, § 1.

<General Materials (GM) - References, Annotations, or Tables>

ANNOTATIONS -- NOTES OF DECISIONS
NOTES OF DECISIONS

Construction and application 1

ANNOTATIONS (Notes of Decisions Index)

1. Construction and application

Local governing authorities may use provisions of R.S. 39:1710 to purchase materials and supplies on competitively bid state procurement contracts from a local vendor (situated within the boundaries of the local governing authority) if certain procedures are followed. Op.Atty.Gen. No. 96-44, Feb. 23, 1996.

LSA-R.S. 39:1710
LA R.S. 39:1710
END OF DOCUMENT

Policy:
Administration
No. 08
Bids

Policy: It is the policy of the Lafayette Association for Retarded Citizens that bids shall be secured for purchase of goods, services and equipment in excess of \$1,000.00. Only those items approved for purchase through the budget process shall be eligible for bid process as per this policy.

.....

The Program Director shall secure at least three (3) bids for the purchase of goods, services and/or equipment. Bids for purchases up to \$30,000, are to be presented to the Executive Director for approval. Bids \$30,000 and over are to be presented to the Executive Committee for approval. Bids of \$100,000 and over are to be presented to the Board of Directors for approval.

Purchase Not Requiring Bid Process

The following category of purchases shall not be required to follow the bid process because of the nature of the transactions. However, purchases of goods, services and/or equipment shall be authorized in accordance with the format of this policy.

1. Purchase of Vehicles, when bidding is processed at an auction sale -- through a licensed dealer
2. Purchase of goods, services and/or equipment through state contract
3. Sole source item/s (i.e. data processing software, land, specialty items for LARC and/or Acadian Village, etc.)
4. In case of extreme emergency (i.e. Hurricanes) where time may not be sufficient to secure written bids, the Executive Committee may declare that a state of emergency exists and authorize the Executive Director to purchase goods and services and/or equipment without bids. Every effort shall be made to secure competitive quotations.

Compliance with State Policy...

Contractual obligation between LARC and State of Louisiana, regarding purchase of goods, services and/or equipment shall take precedent over the conditions set forth in this policy.